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Foreign Labor Trends

Tunisia

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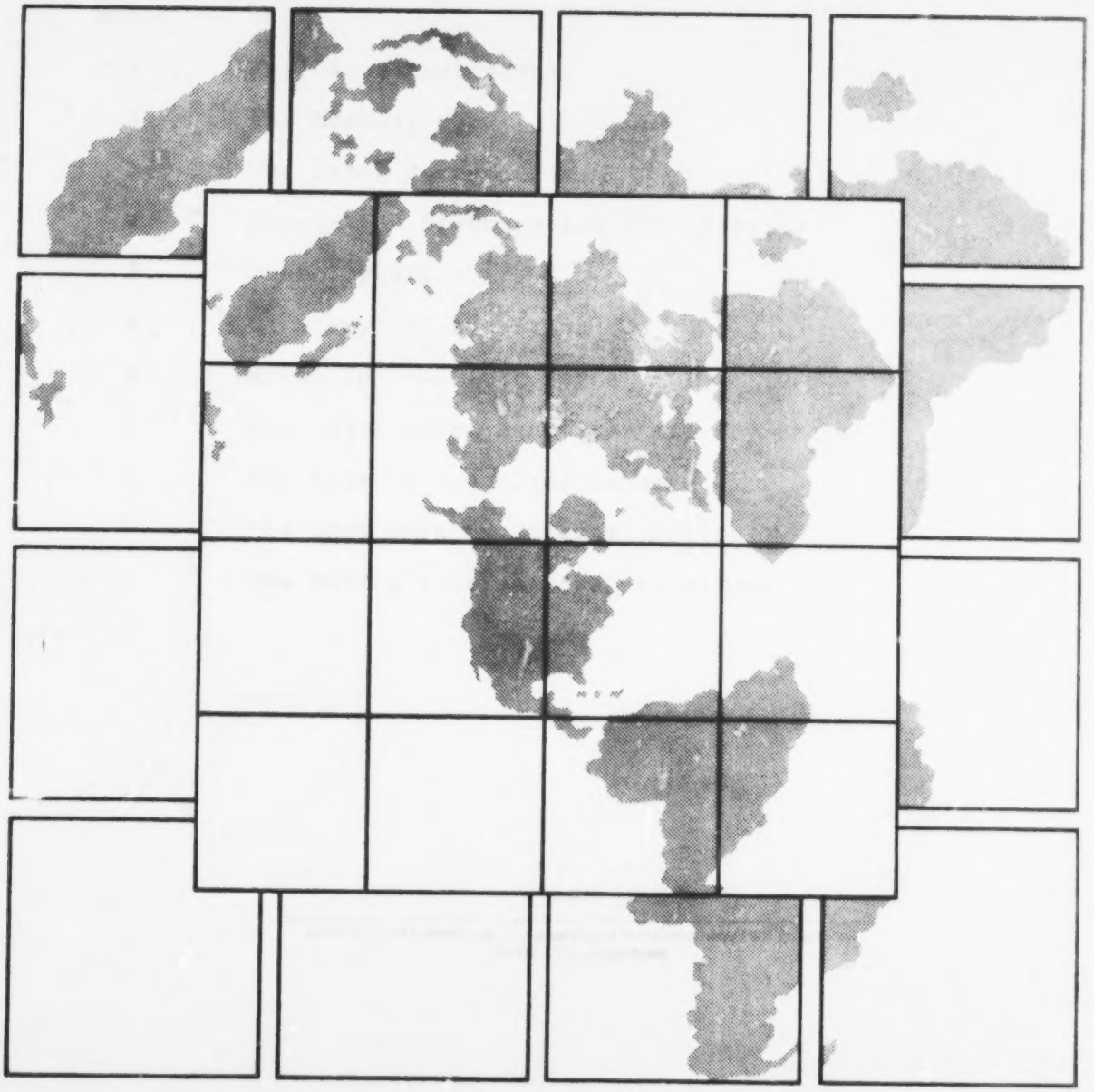

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FOREIGN LABOR TRENDS REPORT

TUNISIA

1987-88

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KEY LABOR INDICATORS

	1986	1987	%change
GDP PER CAPITA (current $)	1202	1262	5
GDP INDEX (constant TD-1980=100)	121	128	5.8
CPI pct change (off. est.)	5.7	8.2	
POPULATION (millions)	7.42	7.6	2.4
Growth rate (pct)	2.7	2.4	
Pct. under 25 years	60	60	
Urban concentration	66	66	
Infant mort. rate/1000	70	70	
Life expectancy	63	63	
Literacy rate (pct)	62	62	
Pct below poverty level	8	8	
LABOR FORCE (millions)	2.2	2.29	4.3
Male	1.8	1.9	5.6
Female	.4	.39	-2.5
Agriculture (pct)	33	33	
Industry	36	36	
UNEMPLOYMENT RATE	16.5	17	
PCT UNIONIZATION (UGTT est)	20	20	
WAGES ($/per hour)			
Minimum industrial wage	0.61	0.64	5
Minimum agricultural wage	0.45	0.47	5
Average hourly urban earnings			
Unskilled labor	0.61	0.64	5
Semi-skilled	0.90	0.92	2
Technicians	1.08	1.12	3.3
Foremen	1.17	1.21	3.3
Supervisors	1.23	1.27	3.3
Managers	1.34	1.38	3.3
AVG. ANNUAL PERS. INCOME	2781	2864.4	3
AVG. HOURS WORKED (per week)			
Urban	45	45	0
Rural	50	50	0
TRADE WITH U.S.: ($ million)			
Imports from U.S. (goods	204.1	178.9	-12.3
Exports to U.S. (goods)	12.4	38.4	209.7

THE ECONOMY

Economic developments in Tunisia in 1987 made for a very good year. Gross domestic product (GDP) rose 5.8 percent. Agricultural production, recovering from the depressed level of 1986, grew 22.8 percent. Tourism revenues jumped 36.7 percent, accounting for 22 percent of the GDP increase. Oil production continued its steady decline, but prices rebounded. Textile production grew 5.8 percent and chemical fertilizers 4.8 percent.

Much of this improvement was due to the Structural Adjustment Program that the Government adopted after a balance of payments crisis earlier in the year. This program--which prescribed reducing subsidies, deregulating prices, devaluing the Tunisian Dinar 20 percent, and restraining public sector wages--has largely succeeded in rectifying the country's balance of payments crisis. Nonetheless, employment has not increased significantly. Employment gains occurred mostly in seasonal tourism and agriculture. In November 1987, the government implemented the first half of a 10 percent increase in minimum wages for industrial and agricultural workers, but taking inflation into consideration, real wage rates dropped. The Structural Adjustment Program foresaw such real wage decreases to make Tunisia's relatively high labor-cost economy more competitive with other developing countries.

THE LABOR FORCE

Throughout 1987, Tunisia's labor force continued to grow rapidly, reaching approximately 2.3 million people in a population of 7.6 million. About 400,000 Tunisians are still employed abroad in France, West Germany, Italy, Belgium, Francophone Africa, and the Arab Gulf area, but over the past five years there has been a slight net return of workers to Tunisia.

According to official government statistics, employment is distributed roughly as follows: agriculture 33 percent; industry and mining 36 percent; tourism 6 percent, and public administration and other services 25 percent. A significant share of Tunisia's population, however, is engaged in such informal, hard-to-quantify market activities as part-time agricultural labor, small scale retailing, and residential construction that often escape official tallies. The percentage of Tunisians engaged in agriculture, especially women, is higher than official statistics suggest.

POPULATION PRESSURE AND JOB CREATION

Tunisia faces a rapidly growing population. Even though the birth rate has declined over the past five years, the best data available indicate that the population is growing at 2.4 percent per annum. (By comparison, in most developed countries the rate does not exceed one percent and is occasionally negative.) Like other developing countries, Tunisia has a high percentage of young people, and the labor force (i.e., 15-64 years) is consequently growing much more rapidly than the population at large (4.3 percent versus 2.4 percent).

The Government considers population growth a major obstacle to raising living standards. Apart from the infrastructure that such a young population requires, there is also the problem of creating adequate employment. According to the Government's new 5-year plan, 31 percent of young people entering the official work force from 1987 to 1991 will not find jobs.

Emigration and especially informal market activity relieve the pressure of a growing population. Throughout the sixties and seventies, many unskilled Tunisians found employment in Europe and the Middle East. The economic slowdown in Europe and the drop in oil prices have made such emigration more difficult. Employment in the informal economy still creates many jobs, but many educated young people prefer to wait in the hope of landing more prestigious jobs in the formal economy.

UNEMPLOYMENT

Many Tunisians consider unemployment the country's major social problem. The Government estimates unemployment at 17 percent, the International Monetary Fund at 15 percent. (These figures underestimate unemployment by omitting those under 20 and over 59 and overestimate it by missing informal market unemployment. On balance, unemployment is probably somewhat lower than those estimates indicate.) Unemployment is centered on young men seeking their first jobs and is most visible and socially disruptive in large urban areas. Unemployment is an increasingly significant problem even for such educated and trained people as pharmacists. Tunisian officials believe that up to 100,000 educated persons may be unemployed. Unemployment is exacerbated by the phenomenon of "rising expectations": young Tunisians spurn occupations that their parents would have welcomed.

LITERACY AND EDUCATION

Tunisian workers are generally well educated with literacy rates in the under 35 age group approaching 90 percent. Overall literacy is 62 percent. All Tunisians are eligible for free primary education through seventh grade. Costs for high school and university education are minimal, but entry is highly competitive with only 3 out of 100 primary school students likely to enter university. Arabic is the official language of Tunisia, and all primary education is in Arabic, with European languages (French and occasionally English) introduced as special subjects in the last two years of primary school. The Ministry of Education, however, is now working on programs to expand the teaching of French to lower grades.

Many Tunisians with high school educations are functionally bilingual, some have a working knowledge of other languages--Italian, German, and English. The Government's emphasis on acquiring modern technology has made English a popular third language with younger Tunisians specializing in scientific subjects. Currently, there are 500 Tunisian students in the United States funded under U.S. Agency for International Development programs. In recent years, even skilled professionals produced by the universities, however, have occasionally had trouble finding suitable employment.

WOMEN IN THE LABOR FORCE

Tunisia's Personal Status Code, enacted in 1957, provides the country with one of the most liberal legal frameworks for women in the Islamic World. The Code abolished polygamy and expanded the property rights of women. Further, the Code embodies a social consensus that has encouraged the participation of women in the workplace. As of 1987, women occupy a wide range of occupations, including medicine and law, and account for over 20 percent of the work force. If one could count the undocumented women involved in agriculture, the percentage would probably rise over 50 percent. Women make up only six percent of the unionized work force and are paid less than men.

There is growing pressure, however, to restrict the number of women at the workplace. Islamic fundamentalists feel that a woman's place is in the home. Others suggest alleviating unemployment among young men by restricting the number of working women. So far, however, the Government and the public are strongly in favor of preserving women's role in the workplace. Six women are deputies in the national legislature, and one, a doctor, serves as Minister of Health in the Cabinet.

THE LABOR CODE, BENEFITS, AND PAY SCALES

Tunisia's Labor Code was enacted in 1966 and is very comprehensive. It prescribes a 48-hour work week, holidays, overtime pay, vacations, maternity, and sick leave. It also guarantees minimum wages, spells out grievance procedures, establishes a worker/employer-funded social security fund for disability payments, medical coverage, and pensions. Unemployment insurance is not covered, but the Tunisian government has used these funds to compensate workers laid off in such industries as automobile assembly. Regulations stipulate that employers contribute 20 percent and workers 6.5 percent of base salary to this social security fund. The large employer contribution has prompted firms to replace full-time workers with part-time workers, who are not covered by the fund. Sectoral collective bargaining conventions frequently go beyond the benefits prescribed by the Code.

At the Extraordinary Congress held in January 1987, however, a new Union Charter was adopted that restricted the right to strike. The new procedure for sanctioning strikes requires a majority vote of all member unions of the General Union of Tunisian Workers (UGTT), not just the affected syndicate as before. The new charter also stipulates productivity increases for any wage hikes. Many rank and file unionists point to the new union charter as evidence that the UGTT leadership that came to power in January of 1987 has yielded to the Government.

Unionized workers lead a multi-tiered wage structure, followed by nonunionized employees of foreign firms. Regional wage disparities exist. A union worker can earn four times as much as a seasonal agricultural laborer and perhaps 40 percent more than an employee in a small business. Wage increases are to be linked to productivity gains at the enterprise level, but by the end of 1987 no clear procedure had been identified to measure such gains. In addition to the basic salary, the conventions provide for the payment of a variety of non-taxable allowances including a family allowance for up to four dependent children and a transportation supplement. With extremely high tax rates in Tunisia, the percentage contribution of non-taxable benefits to total salary has risen throughout the eighties. Other benefits include a month vacation and frequently, a bonus of one month's pay. At the highest levels, a car and/or a housing allowance is often provided. The salary schedule for each sector is a complex matrix of tables based on skill, seniority, etc. The increases in industrial and agricultural minimum wages announced in November have upset this matrix, however, and created pressures for adjustment.

For prospective investors, the Tunisian Investment Promotion Agency (API) can provide details on the collective conventions pertaining to the specific section of interest.

THE ROLE OF ORGANIZED LABOR

Union structure follows the European model with unions in each sector or industry organizing workers in that area. Each sector union is a member of the national "umbrella" organization, the General Union of Tunisian Workers (UGTT). The UGTT predates Tunisian independence and was closely allied with the ruling Destourian Socialist Party (PSD) in the nationalist struggle. This historic alliance has, on occasion, politicized the UGTT, leading intermittently to chronic periods of confrontation with the government interspersed with periods of cooperation. Partly as a result of these confrontations, the labor movement is highly factionalized.

Tunisian law provides that any group of workers can form a union and guarantees the union's right to operate a closed shop once it has enrolled a majority of the workers in a given firm. This policy has significantly strengthened the UGTT, aiding its development, and restricting the ability of new unions to gain members. Competitor unions have historically only developed with ruling party support, as a strategy to limit the UGTT's power. Such groups tended to promote a compromise with the government and, once successful, reintegrated with the original union. To limit the UGTT's financial autonomy, the Government abolished the automatic dues checkoff in 1986.

Tunisia's long history of organized labor has contributed significantly to the development of a strong middle class, but the large pay increases obtained by the unions in the early eighties seriously compromised Tunisian competitiveness and played a role in stimulating the economic crisis that climaxed in 1986. High wage levels have also created an inherent bias toward capital versus labor intensive investments, minimizing job creation despite Tunisia's growing domestic demand for jobs.

The UGTT estimates that 20 percent of the work force is unionized, primarily in the public sector and a few large private firms. (That figure is too high. It overlooks both the proliferation of small, nonunionized enterprises and the drop in active union membership in 1987 caused by disenchantment with the UGTT's leadership.) Civil service unions, while having the largest membership, are rarely activists

given the strong party influence within their ranks. The teachers' unions have 90,000 members and are the most leftist element in the UGTT. Phosphate mining remains a union stronghold, but the petroleum sector has both union and nonunion firms. Domestic parastatals are virtually all unionized. Agriculture has few organized workers (less than two percent) although it is one of the major job-providing sectors. Many foreign firms, incorporated under special tax incentive privileges, often negotiated special agreements which prohibited their employees from forming unions.

THE UGTT TORN BY INTERNAL STRIFE

The 18th Extraordinary Congress in the history of the UGTT was held in January of 1987. The Government, which was the chief impetus behind the Congress and influenced its proceedings, hoped it would put an end to turmoil in the labor movement. Tension between the government and the unions over wage policy had risen throughout the eighties. The Government promoted an offshoot labor federation, the National Union of Tunisian Workers (UNTT), as a counterforce to the UGTT. With the Government's support, the UNTT leader Abdelaziz Bouraoui became President of the new UGTT Executive Board installed at the 18th Extraordinary Congress. In addition to other UNTT figures, the new Board contained nominal members of other labor factions. The Congress adopted a new Union Charter that made strikes more difficult and linked wage increases to productivity increases.

After the Congress, no major confrontation with the government occurred, but dissidence within the labor movement grew. Many rank and file unionists considered the new labor leaders, installed at both the national and regional levels, illegitimate. Active membership in the UGTT dropped. Dissident unionists challenged the UGTT by forming parallel organizations.

The removal of President Bourguiba on November 7, 1987, gave rise to hope that the labor situation could be rectified. In his first public address, the new President, Zine el-Abidine Ben Ali, said that "mass organizations" had an important role to play in Tunisia. He released the former UGTT Secretary General Habib Achour from house arrest, dropped police surveillance of labor dissidents, and authorized the return of unionists fired for labor activities to their jobs. The President and senior cabinet members met often with such prominent labor dissidents as Habib Achour and Tayyeb Baccouche to discuss ways to resolve the dispute over leadership of the

UGTT. By the end of 1987, the Government and most labor dissidents were agreed that a new Extraordinary Congress was needed to reconcile the various labor factions.

Heartened by those gestures, labor dissidents increased their pressure against the UGTT. Towards the end of the year, labor figures who had been evicted from the UGTT in 1985 and 1986 staged raucous demonstrations before UGTT headquarters in Tunis and several of its regional offices throughout Tunisia. In December, four members of the Executive Board openly criticized the leadership of Abdelaziz Bouraoui, the UGTT's Secretary General. Bouraoui stepped down in April 1988, and an 11-man Labor Commission, led by Habib Tliba, was established to prepare for a new Extraordinary Congress in late 1988/early 1989.

THE UGTT'S INTERNATIONAL RELATIONS

The UGTT is a member of both the International Labor Organization (ILO) and the international Confederation of Free Trade Unions (ICFTU). After the 18th Congress, both organizations strove to maintain contact with the major labor factions but neither officially recognized the new leadership. Habib Achour maintained his status as honorary vice-president of the ICFTU. As a gesture of the long relationship between the UGTT and the American labor movement, the AFL-CIO invited Abdelaziz Bouraoui to its conference in Florida in October. After the fall of President Bourguiba, contact between the Government and the UGTT on one hand and the ICFTU and ILO on the other increased with a view towards normalizing the UGTT's participation in international organizations.

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